

**STERLING MUNICIPAL LIGHT DEPARTMENT
MEETING MINUTES**

Monday, December 21, 2010

BOARD MEMBERS: Matthew Stelmach, Chairman
Michael Rivers, Clerk
George Pape, Third Member

SMLD STAFF: Sean Hamilton – Manager
Chris Courville – Operations Supervisor
Sandy Pellecchia – Office Administrator
Christine Arsenault-Senior Accountant

MINUTES: Michael Rivers-Clerk

CUSTOMERS: Mike Forance, Sterling, MA
Richard Maki, Sterling, MA
Russell Philpot, Sterling, MA
Brian Foley – SMLD Lineman
Tom Sparks – SMLD Lineman
James Goulet-Goulet-Salvidio
Tracy Vaughn – Goulet Salvidio

Matthew Stelmach (Stelmach) opens the meeting at 5:00 p.m.

APPROVAL OF THE AGENDA

Michael Rivers (Rivers) makes a motion to approve the Monday, December 21st, 2010 agenda with one modification, George (Pape) seconds the motion. Role call: Rivers aye, Stelmach aye, Pape aye. Unanimously approved by the Board.

APPROVAL OF MINUTES

Stelmach asks to hold off on approving the November 17th minutes until next meeting. Rivers makes a motion to approve the Thursday December 6, 2010 Sterling Municipal Light Department Board Meeting Minutes. Seconded by Stelmach. Stelmach asks comments, there are none. Rivers aye, Stelmach aye, Pape abstains due to not being on the Board at that meeting.

TRANSITION COMMENTS

Sandy Pellecchia notes that they are talking to new vendors about replacing billing system, getting budgetary quotes. Still waiting on FEMA money. Stelmach asks how much? Pellecchia not sure, but \$372k rings a bell. Pellecchia welcomes Pape to Light Board. Hamilton says he is setting up a meeting with 40-50 business customers to get their feedback and let them know where we are heading. Board is welcome to attend.

Chris Courville gives update on Line Crew. Still focused on Justice Hill Road & Rowley Hill, hope to finish soon. Tree crew done Taft Road & Muddy Pond Rd. Now working on Princeton Rd due to bridge being closed. Rivers asks about FEMA timeline and extension date. Hamilton says he is trying to get written confirmation of deadline extension from FEMA. We expect to be able to complete project using our own crews without outside help.

Hamilton says he is trying to look at everything. Trying to "scrub the budget". Looking closely at everything. Will have draft budget next week. Looking into vehicle costs, including whether keeping spare trucks is needed. Insurance review is underway.

WARRANT ITEMS

Discussion of tying date of Board meetings to Warrant due dates. Rivers mentions two items on previous warrant, Mueller AML and Payment in Lieu of Taxes (PILOT) to town of Sterling. Hamilton and Stelmach note that Board had previously discussed last year a three year PILOT schedule, but had never taken a vote. Rivers would like to vote to pay \$42k PILOT to town for SMLD fiscal year 2010, and to discuss again for future votes.

Customer Philpot asks for clarification of comment Rivers made about the Board not voting to approve the PILOT either individually, or as part of an annual budget. Rivers clarifies that Chapter 164 requires the Manager to annually present a budget to the Light Board for approval, and that the SMLD Board has not done this in recent years, or voted to approve the current PILOT payment. Rivers says that the Board had decided at the beginning of the summer that until an approved operating budget could be put in place and voted on, the Board would vote on any unusual expenses. Stelmach concurs.

There is discussion of difference in fiscal years between SMLD and town. Rivers makes motion to pay \$42k PILOT from our fiscal year 2010. Pape seconds. All in favor, motion passes unanimously.

Hamilton discusses Mueller payment(s). We are still unclear as to final dollar amount. Sean needs to follow the trail backwards, agrees with Rivers that we should hold off on final payment. Hamilton also notes that he has discovered that we did not buy enough meters to build out the system and have reasonable spares. Will be about \$31k to buy rest. Rivers asks about whether our recent inventory matches the version of the system proposal we are paying off of. Hamilton says it does. Discussion of whether we can go out to bid for additional meters. Hamilton will look into it and bring us update.

CONTRACT BOOK

Stelmach notes that the Board wishes to be fully compliant with the law. Rivers asks about the letter that we voted to send to the Board of Selectmen to clear up some of the misinformation that was put out by the Chairman of the Selectmen. Stelmach will follow up.

INSURANCE POLICY REVIEW

Hamilton has met with PURMA, our primary agent. Will be dropping a \$4,500 Inland Marine tool policy that has a \$1000 deductible when it expires next July. Notes that we have very few items that justify the coverage. Rivers asks about where the town's generators are insured. Hamilton will look into it. Pape asks why we don't cancel it now. Hamilton says we will get back very little if we cancel part way into the year. Stelmach asks Courville about whether we have ever made claim. Courville is unsure. Hamilton is looking at several vendors for workers compensation. Rivers asks if we are making sure we don't have any more policies that duplicate coverage carried by the town.

HOLIDAY LIGHTING CONTEST

Judging is going on this evening. Stelmach asks if list of addresses in contest is posted. Pellecchia unsure, will look into it. Winner will be announced the afternoon of the 23rd.

RECORDING OF MINUTES

Stelmach notes that we had changed how we do minutes a few months ago due to extenuating circumstances. Stelmach asks the Clerks (Rivers) opinion. Rivers says he doesn't care whether we use someone outside the department, or Hamilton picks an employee he doesn't care. Rivers says he'd like to get a rough transcription draft of the minutes and an audio copy within 2 or 3 business days, so that the Clerk can then review and make minor changes. Hamilton notes that he has left a message for the woman who does the town ZBA meetings. Pape says he thinks she does a good job, and we should

have someone outside the department. Christine Arsenault notes that in the past the stenographer was paid \$50 per meeting.

FINANCIAL ADVISOR

Jim Goulet from Goulet-Salvido gives an update on the audit process. They are ready to test inventories and receivables within a week. He notes that Tracy Vaughn from his office is the Lead Auditor and has spent a week at the SMLD office. Process is going well, No major problems found. Goulet would like to see some changes in the Fixed Asset Accounting process, particularly with the policies. Purchasing policy needs to be updated to conform with state law. Notes that the Ice Storm is listed as a category in the Fixed Asset Policy, which should be changed to a more generic category. Policy to for reimbursements and Contributions in aid of Construction should be refined. Notes that many departments that use Peachtree use the Inventory module, which we don't. Questions some items that have been listed as capital purchases that should have been expensed. Needs to look at several CIP accounts from prior years. Depreciation is an issue we need to address. Following FERC guidelines would be perfect. Inventory is being completed. Rivers asks whether the auditor will provide us with the recommended changes he has for the policies. Goulet says he can provide recommendations to the Manager. Rivers asks when fiscal year audit will be complete. Rivers says that in past years, it hasn't been ready until May or June. Goulet says it should be done by the end of March. Rivers says he'd like to have a summary financial statement in the town's annual report if possible like most other light departments do. Goulet discusses Berkshire Wind, and says it will not delay our audit.

NEW BOARD MEMBER

Stelmach welcome George Pape to the Board to fill the remainder of Arthur Coughlin's term. Pape says he looks forward to working with the Manager and fellow Board members.

COMMUNITY ACCESS TELEVISION

Stelmach notes that the meeting is being videotaped by the Light Board for broadcast on SLCT Channel 10. Stelmach asks whether we still need to meet with Selectmen. Rivers says he thinks we have an agreement in place with Bob Bloom and the SLCT whereby every meeting will be played in it's entirety without editing or playing only certain meetings. Pape says it is a feather in our cap to be transparent.

CITY STATE COMPUTER SERVICE

Hamilton says that City State has acknowledged that they cannot modify the billing system that they developed on our behalf to work with the Smart Meter system. They will give us a substantial discount on maintenance service for the next few months until we can get a different system that works for us. Rivers asks how much we have paid to City State to try to make their custom system work with our AMI system. Hamilton is unsure, but was over \$35k this year.

SOLAR METERING

Hamilton is a big believer in Renewable Energy. Previous policy was created to discourage ratepayers from installing their own renewables rather than encouraging. We need to update policy. Rivers says that at recent Utility Billing System Roundtable, most utilities noted that billing solar installations was one of the difficulties of most of the available software packages, we need to keep this in mind when buying a new software package. Stelmach asks if other local munis have more updated policies. Hamilton says many do, including Templeton.

POWER SUPPLY

Hamilton recommends that we join the "All Requirements" Pool at MMWEC. Very minimal cost with a lot of benefits.

RATE REDUCTIONS

Hamilton says every time he goes out in town, someone asks him about rate reductions. That is that plan, but he can't promise it yet. We are working to reduce our operating cost, and we will do that. Our

power contracts look good, but our transmission costs are rising. Has discussed the need to reduce costs with all employees.

PERSONNEL POLICIES

Stelmach notes concern and need for developing a standardized policy manual, and we will do whatever we need to get it done. Hamilton says we will start the process in January.

INVENTORY

Inventory has been done once before (Three months ago). We need to do a complete inventory of all listed items. Rivers notes that if we have listed it on our financial statements, DPU filings and Audits, we need to be able to itemize the amounts and show that we own it and know where it is.

LONG TERM CAPITAL PROJECTS

Discussion of underground utilities in Foxfire estates, etc. Hamilton says he had worked on a plan for a "cable cure" upgrade when he was last here at SMLD. Will include in new Capital budget.

STAFFING LEVELS

Hamilton says all positions are being reviewed and evaluated. Will not be replacing the Engineer position. He has some tough decisions ahead and will make the best decision he can. Pape notes that most SMLD employees are on salary, which is different from most other town employees, can Sean explain? Hamilton says he hasn't yet done a salary survey, but he will be looking at it. Will be reviewing whether it is beneficial to continue having an in-house tree or hire outside contractors.

TOWN GENERATORS

Stelmach says there is confusion about generator maintenance. Hamilton says he cannot find any written agreement or memo to outline responsibility. He will work with Town to develop a clear understanding and bring it to the Board. Rivers asks about the imbalance in the electrical load in the Butterick building. Rivers notes that we need to get a better fixed price on generator maintenance so that we don't pay any more \$500 travel charges.

CUSTOMER COMMENTS

Dick Maki asks whether we have had a chance to review the discussion on taping the meetings. Stelmach and Rivers both clarify that he has the legal right to tape the meeting. If the meeting is to be aired on Channel 10, we want it shown in it's entirety.

NEXT BOARD MEETING

Next Regular Meeting will be on December 27, 2010 at 6:00pm.

MOTION TO ADJOURN

Stelmach asks for a motion for the Light Board to adjourn the meeting. Rivers makes the motion and Pape seconds it. Unanimously approved by the Board. The meeting adjourns at 6:55 p.m.

Signed,



Michael Rivers, Light Board Clerk 01/05/11